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China: Foreign Policy Shift in Perspective

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An Intelligence Assessment

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September 1983

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China: Foreign Policy Shift in Perspective

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An Intelligence Assessment

This paper was prepared by [redacted]
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Key Judgments

*Information available
as of 15 August 1983
was used in this report.*

China's recent positive approach to the United States, particularly its invitation to Secretary Weinberger, reflects a policy decision to try to revive Sino-US strategic cooperation, although on a more limited scale than the Chinese sought in 1979-80. We believe this decision was made in February or March—well before the United States took steps to liberalize its technology transfer policy in May—suggesting that the Chinese are determined to improve relations despite continuing differences over Taiwan and other issues.

We believe five factors shaped the decision:

- Recognition that drawing away from the United States was undermining Beijing's attempts to feed Soviet concerns about joint US-Chinese policies against the USSR.
- Fear that the United States was downgrading China's importance and looking to Japan as its principal strategic partner in Asia.
- A parallel concern that distancing itself from the United States would reduce Chinese leverage on regional security issues.
- Concern that Beijing's emphasis on foreign policy independence and on bilateral irritants was undermining support for China in the United States.
- Worry that it would be difficult to resume progress in Sino-US relations should relations continue to deteriorate.

We believe China's main aim in agreeing to resume talks with the Soviets last year was—and continues to be—to demonstrate to the United States that China has a potential Soviet option. China's persistent inflexibility on the outstanding security issues suggests that the Chinese viewed the talks as tactical and secondary to their main strategic goal—to enhance a relationship with the United States that will deter the Soviets from mounting military pressure on China. We also believe that internal political infighting played a relatively minor role in China's decision to reemphasize common strategic interests with the United States.

In practical terms, we expect China now to:

- Press Washington to demonstrate its willingness to support China, for example, by agreeing to sell some weapons or weapons-related technology.
- Continue to stress its interest in peaceful reunification with Taiwan.
- Prolong its talks with the Soviet Union with conditions that preclude progress on the key issues.

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China will not ignore perceived slights, especially on Taiwan-related issues. Beijing will continue to argue that continuing ties between the United States and Taiwan—especially in the weapons area—undermine the credibility of the strategic relationship between the United States and China.

The greatest danger is that the Chinese could mismanage their efforts to acquire a particular weapons system, reopening the issue of the level of arms sales to Taiwan. Taiwan will lobby against any sales to China, arguing that any enhancement of Chinese capabilities requires a suitable improvement in Taiwan's defenses.

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China's invitation to Secretary Weinberger after months of stalling appears to reflect a policy decision to try to revive Sino-US strategic cooperation. The Chinese have been signaling their renewed interest indirectly since at least last spring and particularly since the visit of Secretary Baldrige in May by:

- Making frequent comments to nonofficial US visitors about common Sino-US strategic interests.
- Expressing renewed interest in US weapon systems and in professional military exchanges.
- Showing restraint in handling bilateral irritants.
- Trying to overcome US reservations on nuclear cooperation by showing interest in joining the International Atomic Energy Agency.
- Professing China's interest in a "long-term," stable bilateral relationship.

Although China's more positive approach to the United States has become increasingly apparent since the Baldrige visit, we believe the Chinese decision to reemphasize common strategic interests with the United States was taken as early as mid-February or early March. Tentative indications of such an adjustment began to appear in late March before the United States had decided to liberalize its export controls and while relations were still strained, most notably by the Hu Na defection. The timing is important, in our view, because it suggests Beijing's decision was dictated by basic strategic considerations and not merely a tactical response to the US decision to shift China into Category V. In short, the timing indicates to us that Beijing wants to pursue a strategic relationship with Washington despite continuing bilateral problems—especially over Taiwan.

The Evidence

Major shifts in Chinese foreign policy—whether tactical or strategic—are generally preceded by a Politburo-level policy review, which is subsequently conveyed to the Central Committee. Such reviews normally require the preparation of position papers.

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We believe []

[] an effort by Chinese leaders to build a case for resuming closer cooperation with the United States against Soviet expansionism. The first public hints of this decision came in late March. Several senior Chinese officials, whom we know to be among Deng's foreign policy advisers, told a visiting Atlantic Council delegation that China's tilt toward the United States had not changed and that talks with the Soviets represented only a "nuance" in Chinese foreign policy. On 30 March, Deng himself, in a meeting with US Speaker of the House O'Neill that included discussion of bilateral issues, underscored this point by citing the commonality of Sino-US strategic interests and the continuity of Chinese policy since the Third Plenum in 1978—a code phrase depicting China's determination to pursue close relations with the United States.

During Dr. Keyworth's visit in May, Chinese Defense Minister Zhang Aiping stressed that China and the United States shared common defense problems in countering the Soviet Union—the first hint of interest in strategic cooperation to a US official since early 1982. The Chinese also told Keyworth they had decided to resume military exchanges and agreed to invite Secretary Weinberger. Finally, in early May an article appeared in *People's Daily* that chided the United States for missing opportunities to forge an anti-Soviet coalition with China, which we interpret as a sign of growing Chinese interest in resuming closer alignment with the United States. []

Why the Shift?

[] the Chinese felt that Secretary Shultz's visit, while it had clarified some outstanding issues, had failed to arrest the deterioration in Sino-US relations. By early spring, in fact, Chinese officials were complaining [] that the United States viewed China as a relatively weak counterweight to the Soviet Union and had relegated it to a secondary role in US strategic thinking. The Chinese decision to seek renewed strategic cooperation consequently was probably influenced by:

- A recognition that, by continuing to distance itself from the United States, China was undermining its attempts to feed Soviet anxieties about cooperative Sino-US policies against the USSR and, as a result, was increasing Moscow's leverage over Beijing.
- A concern that touting its independent foreign policy stance would undermine support for China in the United States and jeopardize prospects for acquiring additional advanced technology.
- A concern that a prolonged period of political deterioration in Sino-US relations would make it more difficult for either side to put the relationship back on a positive track. []

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directions unfavorable to China as a result of Beijing's efforts to distance itself from the United States. We believe Beijing's calculations were influenced especially by:

- The continuing Soviet military buildup.
- Soviet saber-rattling against Japan.
- Prospects for Soviet SS-20 deployments to Asia.
- Improving Japanese-South Korean ties.
- The potential for an improvement in US-Soviet relations. [redacted]

Sino-Soviet Relations in Perspective

In our view, China's apparent reassertion of its preeminent interest in a limited alignment with the United States against the USSR suggests that the Chinese viewed their moves toward Moscow as a tactical adjustment rather than an effort to achieve an equidistant position within the triangle. From the beginning of the negotiations with the Soviets, the Chinese have gone to considerable lengths to play down prospects for progress. They have sought to reassure US, Japanese, and West European interlocutors that they were seeking little more than increased trade and reduced tensions while placing the burden on the Soviets to make major concessions. [redacted]

This approach appears contrary to one the Chinese would take if they sought a major change in the four-power equilibrium in East Asia and suggests to us that they viewed their efforts to negotiate outstanding security issues with the Soviets as secondary to their broad strategic goals. [redacted]

[redacted] Foreign policy adviser

Huan Xiang attempted to convey this thought to the Atlantic Council delegation in March by noting that China found it impossible to take a measured (that is, equidistant) position between friend and foe. [redacted]

We believe China's main aim in resuming talks with the Soviets was—and continues to be—to demonstrate to the United States that China has a credible, albeit limited, Soviet option. This search for tactical leverage with the United States appears evident in the fact that Chinese officials deferred a response to the Soviets' initial overture in 1981 while informing the United States of the offer, a step we believe was

Chinese Ironies

The driving force behind Beijing's interest in close Sino-US relations has always been its fear of Soviet expansionism. Because of this, we believe the Chinese are genuinely concerned about being written off by the United States as a strategic asset. The irony is that Beijing itself decided in 1982 to play down strategic cooperation in order to disabuse Washington of the notion that China was so strategically dependent on the United States that Washington could deal with Taiwan without risking friction with Beijing. China tried to demonstrate this danger in 1981, [redacted] by canceling the visit of a Vice Chief of Staff to the United States after Beijing concluded that the United States was offering a military relationship in an attempt to get China's acquiescence in US arms sales to Taiwan. [redacted]

[redacted] the Chinese responded to Soviet overtures for a dialogue to induce the United States to treat China more as a valued strategic partner—and not to actually reorient their policy. They apparently have concluded that prolonging this attempt to gain greater leverage with the United States could actually leave China in a weaker, more isolated position in the triangle. [redacted]

intended to remind Washington that Beijing had other potential options. [redacted]

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The resumed dialogue with the USSR also enabled Beijing to step up its political competition with Moscow for influence in some East European parties as well as Soviet-leaning Communist parties in the West. China's subsequent moves to strengthen relations with pro-Soviet parties in France and Belgium, establish diplomatic relations with Angola, and broaden a political channel with the East Europeans attest to China's determination to exploit the Sino-Soviet dialogue in competitive terms. [redacted]

In our view, the Chinese do not expect concessions on their major demands—demands that amount to asking the Soviets to give up the concrete geopolitical advantages they now hold over China, as well as much of their military leverage in Asia against the United States and Japan. Indeed, we believe Beijing's decision to attempt to improve the atmosphere in Sino-US relations is partially motivated by the recognition that a prolonged decline in Sino-US relations would tempt Moscow to press for Chinese acknowledgment of Soviet strategic gains in the region, especially in Indochina. Given this concern, the Chinese probably calculate that they have gone as far as they can in probing the Soviets and stand to lose nothing by seeking now to improve relations with the United States. And, in the event of a breakdown in the talks, they have positioned themselves to blame Moscow for refusing to modify Soviet ambitions. [redacted]

The Impact of Domestic Politics on Foreign Policy

While there is little persuasive evidence one way or the other, we believe that factional infighting in Beijing had little to do with the shift toward a more independent line in 1982 and the present swing back toward closer cooperation with the United States. Instead, there appears to be a broad consensus within the leadership on the perception that the Soviets pose the principal threat to China's security, on China's need to pursue a balance-of-power strategy incorporating a limited alignment with the United States, and on China's pressing need for advanced technology from abroad. [redacted]

There are clearly differing views within the leadership on how to manage China's foreign policy and skepticism about the nonstrategic benefits China derives from its relations with the United States. There are also divergent views on how flexible China should be

in handling disagreements with the United States on a range of bilateral issues. Politburo members Li Xian-nian, Ye Jianying, and Chen Yun, as well as former party Chairman Hua Guofeng, at various times have seemed to favor greater restraint in dealings with the United States, less compromise on the Taiwan issue, and some measure of detente with the Soviet Union. But none of these men has been reported to favor radically redirecting China's foreign policy [redacted]

In our view, it would be particularly misleading to view Deng as being out of step with prevailing opinion in the Chinese leadership on key foreign policy issues.

[redacted] we believe China's subsequent policy was broadly endorsed within the leadership. Speculation that Deng was having difficulty with domestic opponents when Sino-US relations subsequently cooled seems misplaced [redacted]

Outlook

As part of its effort to revive the strategic relationship, we believe Beijing will try to determine what weight the United States assigns China in its strategic thinking and how ready the United States is to sell more sophisticated US weapons and weapons technology. The important factor in this determination will

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Chinese Concerns About the United States

[redacted] Chinese leaders from Mao to Deng have all shared similar reservations about relations with the United States. These concerns are:

- That the United States would seek to play its China card to improve US-Soviet relations.
- That the US approach toward China was manipulative and ambivalent and that the United States did not really want to help China.
- That the United States wanted China to be strong but not too strong because it might again be a potential adversary.
- That the United States, after normalization, would continue to pursue a "One China, One Taiwan" policy.

These themes will continue to influence the leadership's approach to the United States. Such shared perceptions, moreover, should make it relatively easy for the leadership to fashion a new consensus if Beijing concludes that its present approach is not working.^a [redacted]

^a A real difference in China's foreign policy orientation would be likely to occur only if radical leftist ideologues returned to power. The radical left in China immediately preceding and during the Cultural Revolution was the only group in the political spectrum that favored a hostile policy toward both the Soviet Union and the United States. In our view, leftists still represent an obstacle to implementation of domestic reforms at the middle and lower reaches of the party, but no senior leader appears to espouse the radical leftist line on foreign policy. [redacted]

continue to be Beijing's perceptions of US attitudes and policies toward Taiwan. Even though we believe the Chinese now want to move closer to the United States, we do not expect them to abandon their longstanding argument that continuing ties between the United States and Taiwan—especially in the weapons area—undermine the credibility of the strategic relationship between the United States and China. [redacted]

We do not expect the Chinese to make substantial weapons purchases, because of budgetary constraints and the emphasis on self-reliance. We believe the Chinese are interested in arms purchases primarily for their political and psychological significance. Beijing

would view weapons sales as US acknowledgment of China's importance as a strategic counterweight and as a further token of US interest in providing broader, long-term support to China's overall modernization effort. The Chinese would also see weapons sales as adding to their efforts to demonstrate that they cannot be intimidated by Moscow and to draw the United States into a limited military relationship with China. [redacted]

In addition, the Chinese almost certainly hope to test Washington's commitment to the 17 August communique by obtaining weapons systems or weapons technology without US compensation for Taiwan. [redacted]

To ease concerns in the United States about Taiwan's security and undercut Taiwanese objections to such sales, we expect the Chinese to stress their interest in peaceful reunification and negotiations with the Taiwan authorities. Beijing will continue to offer Taiwan qualified autonomy and very likely will attempt to devise new gambits to open some form of talks. For example, Deng suggested last month to visiting Chinese-Americans that consultation between China and Taiwan would not be consultation between a central government and a local government but between the two parties, Communist and Kuomintang.¹ [redacted]

China's more positive approach to the United States does not mean that Beijing's objectives are as sweeping as they were in 1979-80 during the euphoria that followed normalization. Nor does it mean that the Chinese will ignore perceived slights, stop criticizing US foreign policy altogether, or no longer label the United States as a hegemonist. The hegemony label as applied to the United States in particular refers to continued US support for Taiwan and is not likely to be readily dropped from the Chinese lexicon. Moreover, we believe the Chinese will continue to criticize Washington's Third World policies, focusing on what Beijing asserts are US policies that provide the Soviets with opportunities to expand their influence. [redacted]

¹ Beijing is likely to view a further effort to show flexibility on Taiwan as facilitating its negotiations over Hong Kong. [redacted]

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The Chinese also are likely to continue denouncing the Taiwan Relations Act although they may stop demanding that it be repealed and suggest instead slow, low-key steps to offset its negative effects on China. [REDACTED]

The Chinese also are likely to maintain a more flexible approach on bilateral irritants and give more play to the potential for even greater cooperation in Sino-US relations. [REDACTED]

This does not mean China will allow talks with the Soviets to tail off. It still views the dialogue with Moscow as demonstrating that it has some room to maneuver should Sino-US relations deteriorate again. Moreover, China would want to put the onus on the Soviets for breaking off the talks. A continued dialogue may still lead to further increases in trade, technical and cultural exchanges, and additional proposals for confidence-building measures along the border. But the talks are unlikely to produce a breakthrough, in our view, because Beijing's renewed emphasis on Sino-US cooperation suggests that the Chinese are not prepared to make major unilateral concessions on the outstanding security issues. [REDACTED]

In summary, we believe the key implications for the United States of China's effort to revive the basic strategic underpinning of the relationship are:

- Renewed Chinese pressure to make clear how far the United States is prepared to go in supporting China, including militarily.
- Substantially reduced prospects for a breakthrough in Sino-Soviet relations.
- A less confrontational Chinese posture on the Taiwan issue coupled with an effort to draw the United States into a limited security relationship that the Chinese hope will prompt the United States to reduce arms sales to Taiwan over time.
- Renewed Chinese efforts to open political negotiations with Taipei. [REDACTED]

Looming Pitfall

China's revived interest in directly acquiring US weapons and weapons technology poses some problems in forecasting bilateral developments because of China's tendency to use the US response on specific issues as a test of general US attitudes toward China. We believe Beijing plans to stay the course it has now set for some time, and we do not expect the Chinese to turn their interest in a single weapons system or item of advanced technology into a make-or-break case. At this point, the Chinese probably are primarily concerned with eliciting signals that the United States is equally interested in restoring momentum in the relationship. [REDACTED]

Nevertheless, the Chinese are capable of pressing their efforts to acquire a particular weapons system so intensely that it would provoke a response from Taiwan. In that event, we would expect Taipei to call for comparable equipment from the United States, which in turn could reopen the issue of how to define the quantity and quality provisions of the 17 August communique. [REDACTED]

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